> AT&T's nomadic solution, called Heartbeat, uses its internet network to track the location of users. Here's how it works: when VoIP customers power down, AT&T's network will automatically suspend VoIP service. Once the phone adapter is plugged back in, AT&T will ask the user to verify his or her location. For customers who indicate they haven't moved, service will be instantly restored. If they have moved, they'll be directed to an 800 number or web page to register the new location.[145]

Again, so long as the VoIP subscriber properly registers his or her location with the VoIP provider, the E911 operator will automatically receive the 911 caller's name, telephone number and street address. VoIP providers are actively working to resolve the remaining E911 issues driven by nomadic VoIP applications. To the extent the VoIP service is used by the VoIP subscriber to replace wireline service at a static address, VoIP must clearly be viewed as a direct substitute for traditional wireline service.

VIII. WHOLESALE COMPETITION.

50. Earlier in our declaration, we briefly mentioned that wholesale services are now offered by several carriers as an alternative to Qwest's wholesale services. In fact, many carriers (including several CLECs discussed earlier) now offer dark fiber, wholesale access, wholesale transport and finished telecommunications services to other telecom providers in the Denver MSA. For example, AT&T, Covad, Eschelon, Global Crossing, Granite Telecommunications, Level 3, McLeodUSA, Time Warner Telecom, Trinsic, Verizon and XO Communications have all self-reported to the FCC that they are offering "carrier's carrier" services to other telecommunications service providers.[146] Since inter-

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[145] AT&T Solves VoIP's 911 Issue, USA Today, October 12, 2005. See Exhibit 6, Page 34.

[146] Telecommunications Provider Locator, Industry Analysis & Technology Division, Wireline Competition Bureau, Table 3, March 2006.

carrier services are typically provided on a contractual basis, details of such services are difficult to obtain. However, the presence of numerous carriers actively marketing wholesale services in the Denver MSA demonstrates that Qwest's competitors have a clear alternative to purchasing UNEs from Qwest. A brief discussion of the wholesale offerings of a sample of these carriers follows.

51. Comcast offers wholesale services to other carriers in the Denver MSA over its extensive coaxial and fiber network. On its website, Comcast touts the carrier benefits of its network, describing its wholesale offering as a "cost effective transport that can reach into new markets and scale at a moment's notice."[147] Further, in addressing the advantages to other carriers of utilizing its network, Comcast states:

> "Comcast's services can be deployed quickly and efficiently with minimal wait and bureaucracy than you are typically confronted with when purchasing services from traditional telephone carriers."[148]

While Comcast's pricing for such loop and transport wholesale services is a proprietary matter of carrier-to-carrier contracts and is not publicly posted, it is clear that Comcast positions its wholesale services as a direct alternative to wholesale network elements available from incumbent telephone service providers such as Qwest.

52. AT&T also utilizes its fiber network to offer wholesale services to other carriers in the Denver MSA. AT&T states:

> "Years of experience serving wholesale customers, targeted investment in our network and technology innovation have positioned AT&T as an

[147] http://www.comcastcommercial.com/index.php?option=content&task=view&id=33&Itemid=71. See Exhibit 7, Page 1.

[148] *Id.*

> industry leader. With AT&T Wholesale's dedicated sales, customer care and global operations teams at your side, you will have the networking expertise to support a full range of voice, video, data and IP services - for you and your customers."[149]

On November 13, 2006, AT&T announced that it had been awarded "best national U.S. wholesale provider" by Capacity Magazine as part of that publication's second annual Global Wholesale Awards.[150] AT&T currently offers a full range of wholesale services to other carriers, including local and long distance voice services, data services, internet protocol services, applications services and international services.[151]

53. Covad operates as a facilities-based, integrated telecommunications service provider with infrastructure located in 2,050 central offices in 235 MSAs across the country, including the Denver MSA.[152] Covad provides a wide range of retail and wholesale services including business and consumer DSL, Frame Relay, T-1 and VoIP services (with other services, such as Bonded T-1 and wireless to be introduced in 2007).[153] In its Third Quarter 2006 presentation to investors, Covad reported that it provides wholesale DSL and Line Powered Voice Access (a VoIP service that requires no special broadband equipment at the customer's location) to carriers serving the consumer and small, "single owner" business markets. In addition, Covad reported that it provides Voice Optimized Access ("VOA"), xDSL, T-1 and Frame Access to carriers

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[149] http://www.business.att.com/?segment=whole. See Exhibit 7, Page 3.

[150] http://www.sbc.com/gen/press-room?pid=5097&cdvn=news&newsarticleid=23110. See Exhibit 7, Page 4.

[151] http://www.business.att.com/services.jsp?repoid=ProductCategory&segment=whole. See Exhibit 7, Page 5.

[152] Covad Communications Group, Inc.: Third Quarter 2006 Investor Presentation, pages 3 and 5. See Exhibit 7, Page 6.

[153] *Id.*, page 6.

serving medium and large enterprise business customers.[154] Regarding its wholesale products, Covad reports that its "unique set of assets will continue to attract strategic partners," including carriers such as Earthlink, AT&T, United Online, XO, Nextlink, Verizon, Sprint, etc.[155] On a consolidated basis (wholesale and retail operations combined), Covad announced 2006 total revenues of $474 million with wholesale service revenues of $275 million. Thus, wholesale revenues represent well over half of Covad's annual revenue stream for the year.[156] Clearly, Covad's strong wholesale facilities-based focus is contributing significantly to its growth nationally and within the Denver MSA.

54. XO offers wholesale services through its XO Communications Carrier Services division, and asserts that it provides wholesale telecom services to CLECs, Interexchange Carriers, Cable TV providers, wireless service providers and VoIP service providers.[157] Its wholesale product portfolio includes wholesale local voice service, long distance service, IP aggregation, dedicated internet access, private line service, DS-1 aggregation, Ethernet services, VoIP services and collocation.[158] XO was one of the first wholesale carriers to deploy a finished wholesale service ("Wholesale Local Voice" service) designed to replace UNE-Platform service. In a 2006 press release, XO states:

> Launched in August 2005, XO's wholesale offering for CLECs serving the residential and small business markets has rapidly gained momentum as a viable alternative to the unbundled network element platform (UNE-P) provided by incumbent carriers that were eliminated on March 11, 2006.

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[154] *Id.*, page 6.

[155] *Id.*, page 7.

[156] Covad Communications Group, Inc.: Fourth Quarter 2006 Earnings Supplement, pages 3 and 6. See Exhibit 7, Page 18.

[157] http://www.xo.com/products/carrier/. See Exhibit 7, Page 32.

[158] *Id.*

> The XO service delivers all the advantages of the UNE-P platform, and enables CLECs to avoid less economical choices such as building their own network facilities, or paying premium prices through commercial agreements or Special Access services from incumbent local exchange carriers.[159]

In addition, it is important to note that XO's wholesale business is not limited to services provided via landline facilities. As discussed earlier in this declaration, XO's broadband wireless subsidiary, Nextlink, also provides wholesale telecommunications services. Nextlink offers wireless backhaul, as well as network redundancy and diversity services to mobile wireless providers and wireline carriers through fixed wireless broadband technology and over XO's licensed spectrum, which covers 75 metropolitan markets,[160] including Denver.[161] Nextlink's wholesale broadband wireless services can be offered in any Qwest wire center in the Denver MSA that is within reach of a Nextlink broadband wireless transmitter/receiver, since such wireless services are not constrained by physical wire center boundaries.

55. As described earlier in this declaration, prior to its acquisition of Broadwing, Level 3 focused almost exclusively on the wholesale market. While the October 2006 acquisition of Broadwing expanded Level 3's presence in the retail market, it also increased the scope of Level 3's wholesale telecom service operations. Level 3 notes that "approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue."[162] Level 3 identifies its primary

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[159] http://www.xo.com/news/292.html. See Exhibit 7, Page 34.

[160] Current Analysis, Company Assessment of XO Communications, July 2006.

[161] http://www.nextlink.com/spectrum_map.htm. See Exhibit 7, Page 37.

[162] http://www.level3.com/newsroom/pressreleases/2006/20061017.html. See Exhibit 7, Page 38.

targeted customers as "RBOCs, major IXCs, major foreign PTTs, major ISPs and Portals, Media Companies, wireless companies, satellite companies, established CLECs, system integrators, government, academia and content providers."[163] Level 3 states that it offers five major categories of wholesale services: voice services, Softswitch, internet and data services, transport services and infrastructure services (which include collocation and dark fiber services).[164] As described earlier in this declaration, the combined Broadwing/Level 3 entity owns significant facilities in the Denver MSA, with over [redacted] fiber miles in areas served by Qwest. These facilities can be used to provide wholesale services to customers in direct competition with Qwest's wholesale UNE services.

56. Time Warner Telecom provides both retail and wholesale services in the Denver MSA. Time Warner Telecom's Denver network is part of the national Time Warner Telecom network, which delivers communications services over "more than 24,000 miles of fiber networks, to businesses in 30 states and 75 U.S. markets."[165] Time Warner Telecom provides a range of wholesale services as a "carrier's carrier," including voice services, internet and data services, switched and transport services and collocation.[166] On June 1, 2005, Time Warner Telecom announced an agreement with the merged AT&T/SBC to provide, through 2010, "Special access and other last mile network services to the companies nationwide."[167] Thus, AT&T can obtain Special Access

[163] http://www.level3.com/580/html. See Exhibit 7, Page 40.

[164] *Id.*

[165] http://twtelecom.com/about_us/networks/html. See Exhibit 7, Page 45.

[166] http://www.twtelecom.com/cust_solutions/application.html. See Exhibit 7, Page 47.

[167] Time Warner Telecom press release: *Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement*, June 1, 2005. See Exhibit 7, Page 49.

services from a provider other than Qwest as it seeks to further expand its business presence in markets such as Denver.

57. Also offering wholesale access and transport options to other carriers in the Denver area is Adesta, which owns over [redacted] fiber miles in Qwest's wire centers in the Denver MSA.[168] In November 2006, Adesta announced that it had been recognized by *Broadband Properties Magazine* as one of the leading companies in the fiber broadband industry.[169] Adesta describes itself as a trusted provider of a wide range of fiber optic services, specializing in last mile and broadband solutions for ILECs, CLECs, utilities, municipalities, and other entities.[170] The company offers custom-tailored services for SONET, IP/Ethernet, ATM, wireless, last-mile and broadband networks. Adesta also serves as a systems integrator and project management company for communication networks and security systems.

IX. SYSTEMS INTEGRATORS.

58. With the increasing complexity of communications systems, large businesses are increasingly turning to "systems integrators"[171] to assess, plan and manage their telecommunications systems. Systems Integrators provide a "single point of contact" for the design and management of complex telecommunications systems that minimizes the

[168] GeoTel fiber route data, October 2006.

[169] http://www.adestagroup.com/adesta/html/news2.shtml. See Exhibit 7, Page 52.

[170] http://www.adestagroup.com/adesta/html/markets1.shtml and http://www.adestagroup.com/adesta/html/markets6.shtml. See Exhibit 7, Page 54.

[171] Systems Integrators are also known as Managed Telecom Service Providers.

need for businesses to perform these functions in-house. The demand for systems integrators is driven by the fact that extensive planning and management is required to create converged communications systems--blending voice, data, video, internet and wireless applications--without having to create new physical networks from scratch. Systems integrators have shown that they can compete successfully against traditional telecommunications providers such as Qwest.[172] In the enterprise business market, nearly half of all medium and large enterprises utilize some form of managed telecom and IT services.[173]

59. Systems integrators such as Electronic Data Systems, Data Systems Corp, IBM, Accenture, Northrop Grumman, New Edge Networks, Mammoth Networks and the aforementioned Adesta are now providing "single point of contact" telecommunications services to business customers. For example, New Edge provides managed telecom services to "telecom carriers, small to midsize businesses and large corporations"[174] in many U.S. markets, including Denver. IBM also provides systems integration services through its IBM Converged Communications Services division. According to its promotional materials, "IBM can help you design, deploy and manage an IP telephony infrastructure that can help reduce the costs associated with managing and maintaining separate voice and data equipment and networks, and increase the productivity of your

[172] The North American managed telecom service market generated $18.6 billion in revenues in 2006 and is expected to generate $29.5 billion in 2012. Source: North American Managed Telecom Services Markets, Study N022-63, Frost and Sullivan, 2006, Page 29.

[173] *Id.*, Page 10.

[174] http://www.newedgenetworks.com/products/. See Exhibit 8, Page 1.

employees."[175] Mammoth Networks, with operations in Denver, provides DSL, Frame Relay and ATM service aggregation. Mammoth states: "We have built out a nine-state, 14 LATA network for the benefit of ISPs, CLECs, DLECs, integrators and virtual ISPs. Mammoth Networks provides flexibility by allowing you to connect your DS1s and DSL customers to our network, while having those circuits invoiced to you."[176] In addition to system integration, Mammoth offers collocation to other telecom carriers via numerous "fiber hotels" in Qwest's service territory, including in Denver.[177] A variant of the systems integrators, "Virtual Network Operators (VNOs)," has also appeared in the enterprise business market. Denver-based Virtela is a "global network solutions company" and "super integrator" that leases network capacity from other providers, while owning network intelligence hardware and software unique to its service portfolio.[178] While acknowledging that it falls into the VNO service provider category, Virtela considers itself to be more of "a hybrid in that it combines the best characteristics of both the VNO and a facilities based carrier, as well as those of an MSSP (Managed Security Services Provider)."[179] These examples represent just a few of the many competitive alternatives offered by systems integrators serving the medium and large enterprise business markets.

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[175] http://www-935.ibm.com/services/us/index.wss/offering/gn/a1025378. See Exhibit 8, Page 2.

[176] http://www.mammothnetworks.com/index.php. See Exhibit 8, Page 3.

[177] http://www.mammothnetworks.com/fiberhotel.php. See Exhibit 8, Page 5.

[178] http://www.virtela.net/. See Exhibit 8, Page 6.

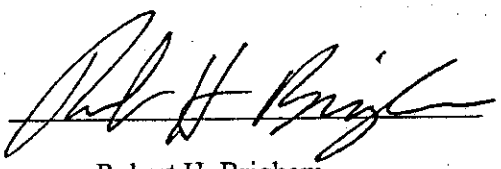
[179] *Id.*

X. CONCLUSION.

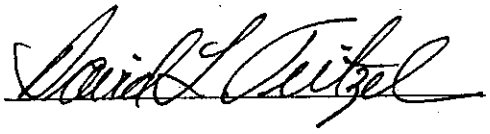
60. The Denver MSA is one of the most robustly competitive markets in Qwest's 14 state region, with numerous intermodal and intramodal carriers now actively competing in the market. Retail customers in every Qwest wire center in the Denver MSA now have the choice of at least one, and often many more, alternatives to Qwest's retail telecommunications services. This collection of competitors ranges from traditional wireline CLECs, to cable-based telecom service providers, to wireless (narrowband and broadband) providers to VoIP providers. In addition, multiple wholesale telecom service providers now provide services to other carriers in the Denver MSA, providing these carriers with alternatives to the purchase of Qwest UNEs and other wholesale services. Qwest's service territory in the Denver MSA is now fully competitive, and it is clear that Qwest cannot exercise market power in view of the scope and composition of competition that now exists in that MSA.

We declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 26, 2007



Robert H. Brigham



David L. Teitzel

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Melissa E. Newman
Vice President – Federal Regulatory

ERRATUM

FOR PUBLIC INSPECTION

Via Courier

August 3, 2007

FILED/ACCEPTED
AUG – 3 2007
Federal Communications Commission
Office of the Secretary

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Denver, Colorado Metropolitan Statistical Area,* WC Docket No. 07-97

ERRATUM to Qwest Petition for Forbearance, filed April 27, 2007

Dear Ms. Dortch:

On April 27, 2007 Qwest Corporation ("Qwest") filed the above-captioned Petition for Forbearance. Qwest has discovered minor discrepancies in its Denver Forbearance Petition. In finalizing its data prior to filing, Qwest had updated the data in paragraph 10 of its declaration regarding the percentage of residential and business retail access lines in Qwest wire centers in which competitive fiber optic telecommunications facilities exist, as well as the percentage of Qwest wire centers in the Denver MSA that contain competitive fiber optic facilities. However, Qwest inadvertently failed to revise these same percentages in paragraph 34 of the Denver declaration. Qwest submits revised pages for its Denver declaration that resolve this inconsistency. *See* Exhibit 1 (redacted in its entirety). In addition, Qwest's Forbearance Petition for the Denver MSA references data shown in paragraph 34 of the declaration, as such, Qwest submits revised pages for its Denver Forbearance Petition to reflect the corrected percentages for the Denver MSA. *See* Exhibit 2 (redacted in its entirety).

In order to remain consistent with its original Denver Forbearance Petition, Qwest has chosen to retain the confidential marking as originally filed in its April 27, 2007 Denver Forbearance Petition rather than reflect the confidential markings as denoted in the Federal Communications Commission's First Protective Order, DA 07-2292, rel. June 1, 2007. As such, the attached exhibits (redacted in their entirety) for the non-redacted version of this erratum (submitted separately simultaneously) retain the confidential marking of **CONFIDENTIAL – NOT FOR PUBLIC INSPECTION.**

Parties that have executed confidentiality acknowledgments of the First Protective Order and that have previously received Qwest's confidential information will be served with these corrected pages as well. Information that Qwest previously identified as "highly confidential" is not affected by this erratum.

An original and four copies of this erratum is being submitted. An extra copy of this correspondence is also provided to be stamped and returned to the courier.

Please do not hesitate to call me or Daphne Butler (303-383-6653) with any questions.

/s/ Melissa E. Newman

Attachments

cc: Christi Shewman, via email at Christi.Shewman@fcc.gov

STAMP & RETURN COPY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Petition of Qwest Corporation for Forbearance	)	WC Docket No. _____
Pursuant to 47 U.S.C. § 160(c) in the Phoenix,	)	
Arizona Metropolitan Statistical Area	)	

PETITION OF QWEST CORPORATION FOR FORBEARANCE PURSUANT TO 47 U.S.C. § 160(c)

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Attorneys for

QWEST CORPORATION

April 27, 2007

REDACTED – FOR PUBLIC INSPECTION

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Petition of Qwest Corporation for	)	
Forbearance Pursuant to	)	WC Docket No._____
47 U.S.C. § 160(c) in the	)	
Phoenix Metropolitan Statistical Area	)	

DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL REGARDING THE STATUS OF TELECOMMUNICATIONS COMPETITION IN THE PHOENIX, ARIZONA METROPOLITAN STATISTICAL AREA

I. INTRODUCTION AND SUMMARY.

1. My name is Robert H. Brigham. My business address is 1801 California Street, Denver, Colorado 80202, and I am currently employed by Qwest Service Corporation ("QSC")[1] as a Staff Director in the Public Policy department. In my current position, I develop and present Qwest's advocacy before regulatory bodies concerning pricing, competition and regulatory issues. I have been employed by Qwest and its predecessor companies for over 30 years, holding various management positions in Marketing, Costs and Economic Analysis, Finance and Public Policy. I have testified before numerous state commissions in the Qwest region.

[1] QSC performs support functions, such as regulatory support, for other Qwest entities.

2. My name is David L. Teitzel. My business address is Room 3214, 1600 7th Ave., Seattle, WA 98191. My title is Staff Director and I am a member of QSC's Public Policy organization. In that position I develop and present company advocacy in matters relating to the manner in which Qwest Corporation ("Qwest") is regulated for retail services. These matters include regulatory reform in dockets before state commissions and the FCC. I have been employed by Qwest and its predecessor companies for over 32 years and have held a number of management positions in various departments, including Regulatory Affairs, Network and Marketing.

3. The purpose of this declaration is to demonstrate that extensive competition exists for Qwest's mass market and enterprise telecommunications services in the Phoenix Metropolitan Statistical Area ("MSA") from a wide variety of intramodal and intermodal competitors. Consistent with the analytical framework the Commission applied to Qwest's earlier request for forbearance with respect to the Omaha MSA, the facts and evidence contained herein show that these competitors are competing with Qwest in the Phoenix MSA via a full range of telecommunications service platforms; including the purchase of unbundled network elements, Qwest Platform Plus ("QPP"),[2] Special Access, resale of Qwest retail services, as well as via non-Qwest facilities (including competitive fiber cable networks, coaxial cable networks, wireless services, internet-based services, etc).

[2] In January 2007, CLECs began converting their QPP-based services to the new Qwest Local Services Platform ("QLSP") wholesale service as discussed later in this declaration.

4. Our declaration and associated exhibits contain information obtained from publicly-available sources and internal Qwest databases, and the sources of data upon which we rely in this declaration are fully identified. We attest that all Qwest data in this declaration is accurate as of the filing date of Qwest's petition in this proceeding and that any information obtained from non-Qwest sources is shown precisely as it is reported by the source. A summary of the competitive information in our declaration is set forth below.

5. As of 2005, U.S. Census data shows that there were approximately 1.59 million households and 3.9 million people in the Phoenix MSA,[3] up from 1.33 million and 3.28 million respectively in 2000.[4] Clearly, the Phoenix MSA is experiencing a strong growth trend, with households up 20% and population up 19% over this timeframe, and it can be conservatively assumed that demand for telecommunications services in the Phoenix area has increased apace. However, Qwest's retail access line base in the Phoenix area has fallen sharply since 2000, contrary to the upward trends in housing and population, as residential and business customers have availed themselves of the ever-expanding array of competitive alternatives to Qwest's services. As shown in Table 1 below, Qwest's retail residential, business and public coin access line base in the Phoenix MSA has declined dramatically since 2000:[5]

[3] The Phoenix MSA encompasses Maricopa and Pinal counties.
[4] http://www.census.gov/popest/housing/HU-EST2005-CO.html; http://www.census.gov/population/www/estimates/Estimates%20pages_final.html (Table 1).
[5] These results exclude any access line losses occurring prior to December 2000 and therefore understate the extent of competitive losses in the Phoenix MSA.

----------begin confidential----------

Table 1

Qwest Retail Access Lines in the Phoenix MSA

Retail Service	Dec. 2000	Dec. 2006	Difference	% Difference
Residential	[redacted]	[redacted]	[redacted]	[redacted]
Business	[redacted]	[redacted]	[redacted]	[redacted]
Public	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]

----------end confidential----------

These access line trends are clearly being driven by the proliferation of intramodal and intermodal competitive alternatives to Qwest's services in the Phoenix MSA, and the range of alternatives continues to expand, as we discuss in our declaration.

6. The mix of competitive alternatives in the Phoenix MSA continues to evolve, with traditional competitors such as CLECs continuing to aggressively compete with Qwest and intermodal forms of competition, such as wireless and Voice over Internet Protocol ("VoIP"),[6] rapidly gaining significant portions of the communications market. It is noteworthy that CLECs are lightly regulated and intermodal competitors are subject to very limited regulation. Since these competitors are under no obligation to report customer in-service data,[7] especially at the MSA level, precise measurements of

[6] VoIP services are now offered on a "stand-alone" basis by providers such as Vonage, SunRocket, Packet8, etc., as well as on an "integrated" basis by Cable MSOs such as Cox, Comcast, Time Warner Cable, etc.
[7] The regulatory status of local telephone service provided by VoIP technology is the subject of an open FCC proceeding (IP-Enabled Services, WC Docket No. 04-36, Notice of Proposed Rulemaking, 19 FCC Rcd 4863).

competitor "shares" are not possible to obtain. However, independent research houses have addressed this issue by conducting primary customer research to quantify competitive telecommunications dynamics, and Qwest has purchased such research to gain insights into market trends. For example, TNS Telecoms, an independent research firm, conducts a quarterly "share" analysis in each of the states to estimate competitors' shares of the residential telecommunications markets and to provide insights into the changes in competitive trends. In conducting its study, TNS collects actual billing information from a statistically-reliable sample of customers in each state[8] and tabulates the number of residential customers subscribing to Qwest service (landline, DSL or wireless) as well as services of non-Qwest landline and wireless competitors. TNS uses this data to calculate "shares of customer connections" (excluding video connections) for each service provider in the consumer telecommunications market.[9] In calculating "connections shares," TNS defines a "connection" as any telecommunications service used by the customer. A residential access line, a wireless service and a broadband internet line used by a customer would each be counted as a discrete "connection" under TNS' definition in its calculations of "connections shares." For example, a customer with Qwest landline service, Qwest DSL service and Verizon Wireless service would be counted as having three "connections," and Qwest's "connections share" in this example would be 66%. In fourth Quarter 2000, TNS reported Qwest's share of residential

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Currently, telecom providers are not required by FCC instructions for Form 477, which is the reporting tool used by telecom providers to report in-service access line counts to the FCC, to report VoIP-based access lines. If the FCC rules in its pending IP services proceeding that VoIP service is a telecommunications service, providers of these services may be required to report in the future access lines served via VoIP. However, until that time, providers utilizing VoIP to provide service are not required to report in-service data to the FCC.

[8] In Qwest's 14 state territory, the TNS research sample is drawn strictly from exchanges within the Qwest service area footprint and does not include data from Independent service territory.

[9] TNS Telecoms does not conduct a "connections share" analysis for the business market, and instead produces a "share of total telecom spend" analysis for the business segment.

communications connections in the Phoenix MSA at [redacted]. By fourth Quarter 2006, Qwest's share of residential communications connections in the Phoenix MSA had declined to [redacted].[10] Clearly, this data confirms that an increasing number of Phoenix-area consumers are utilizing non-Qwest telecom alternatives to satisfy their telecommunications needs.

7. In the Business market, developing precise measurements of "share" is equally difficult, in view of the diverse scope of intramodal and intermodal competition that now exists in the Phoenix MSA, and the general lack of availability of customer in-service data for these competitors. However, TNS Telecoms also conducts primary research in the small business and Enterprise business segments and has assembled "revenue share" estimates for those markets as indicators of competitive trends.[11] In stratifying the business market, TNS classifies businesses generating up to $1,500 in monthly telecom spending as "mass market" business customers, and business customers spending at or above this level as "enterprise" business customers. TNS' research shows that Qwest's revenue share in the Phoenix MSA was [redacted] for small business and [redacted] in the Enterprise market in fourth Quarter 2006.[12] As in the Consumer market, a large and expanding proportion of both the small business and Enterprise business customer segments in the Phoenix MSA are employing alternatives to Qwest's services offered by a wide array of competitors, as described in the following sections of our declaration.

[10] Source: TNS Telecoms, February 2007.
[11] TNS Telecoms does not collect "connections share" data in the business market, and instead, determines "revenue share" for the various competitors in the market based on the amount of monthly spending of the survey respondents with each telecommunications service provider from whom they report they are purchasing service.
[12] Source: TNS Telecoms, February 2007.

8. Similar to the competitive dynamics in the Omaha MSA discussed in an earlier Qwest forbearance petition, Cox Communications is the predominant cable provider serving the Phoenix MSA and is aggressively competing with Qwest in the residential and business telecommunications markets. As of December 2006, Cox was serving a geographic area within the Phoenix MSA encompassing Qwest wire centers that account for approximately [redacted] of the Qwest retail residential lines and [redacted] of the Qwest retail business lines in that MSA.[13] As is discussed in our following declaration, Cox competes with Qwest via an extensive coaxial cable and fiber network and utilizes Cox-owned switches. Cox offers a broad range of telecommunications services to residential, small business and Enterprise business customers in the Phoenix MSA.

9. In addition to Cox, there are at least [redacted] unaffiliated CLECs actively competing with Qwest in the Phoenix MSA, ranging from CLECs of national scope, such as AT&T, Verizon and XO Communications, to regional CLECs such as Arizona Dial Tone, Eschelon and Integra. As discussed in following sections of our declaration, this group of CLECs is serving residential customers as well as business and governmental customers of virtually all sizes. As of December 2006, CLECs are competing with Qwest in 100% of the wire centers in the Phoenix MSA.[14]

[13] Based on Cox media coverage map of the Phoenix, AZ DMA. http://www.coxmedia.com/markets.aspx?market=DA_792987 See Exhibit 1, Page 1. The coverage area of the Cox media map was compared to the list of communities Cox has reported to the FCC it now serves in the Phoenix MSA to confirm the accuracy of the Cox DMA map for the greater Phoenix area (see http://www.fcc.gov/mb/engineering/liststate.html).

[14] Source: Qwest Wholesale Database.

10. A significant amount of fiber optic cable has been placed by competitive service providers in the Phoenix MSA for use in bypassing Qwest's network. According to GeoTel, over [redacted] miles of fiber (excluding fiber owned by Qwest and Qwest's affiliates) is now in place in the Phoenix MSA, and is typically used by Qwest's competitors to serve Enterprise and wholesale customers.[15] Based on this GeoTel data, at least one fiber-based competitor is in [redacted] of Qwest's wire centers in the Phoenix MSA, and these wire centers contain [redacted] of Qwest's retail residential lines and [redacted] of Qwest's retail business lines in the MSA. In addition, competitive fiber is now being used to serve over [redacted] buildings in the Phoenix MSA.[16]

11. Landline-based competitors are also using Special Access services purchased from Qwest to serve customers in the Phoenix MSA. As of December 2006, competitors purchased almost [redacted] Special Access channels from Qwest in the MSA. In fact, the number of Voice Grade Equivalent ("VGE") circuits provided by competitors using Qwest Special Access services exceeds the number of VGE circuits provided by CLECs using unbundled network elements, Qwest Platform Plus and resale combined.

12. Wireless service is being used as a direct substitute for traditional landline service by an ever-increasing number of customers and is contributing to Qwest's retail access line reductions. At least five major wireless service providers, excluding Qwest Wireless and including Alltel, Verizon, AT&T, T-Mobile and Sprint, are now providing service in

[15] GeoTel continually works to update its data regarding fiber-based competitors and provides updated data approximately every six months. However, GeoTel does not possess complete data regarding each fiber-based competitor, and the data reported above is therefore likely understated. GeoTel data underlying the numbers above was provided to Qwest in October 2006.
[16] Source: GeoTel, October 2006.

the Phoenix MSA,[17] with at least one wireless provider providing wireless service in every Qwest wire center. The Commission's recent Commercial Mobile Radio Services ("CMRS") report released on September 29, 2006 cites various sources in estimating that 6 to 12 percent of U.S. households have replaced their landlines with wireless service.[18] Other research, however, suggests that these estimates actually understate the proportion of customers in the Phoenix MSA who have "cut the cord." On October 18, 2006, Telephia, an independent research entity specializing in Consumer market research, released results of primary research conducted during second Quarter 2006 in 20 major U.S. markets showing that 13.5% of the households polled in the Phoenix metropolitan area used only wireless service in their homes and no longer subscribed to landline telephone service.[19] There can be no doubt that wireless service is a significant and continually growing form of direct competition to Qwest's landline service business in the Phoenix MSA.

13. As discussed later in our declaration, the number of wireless subscribers in Arizona climbed to 4.2 million in June 2006 and now significantly exceeds the number of ILEC and CLEC lines combined in the state. This dramatic increase continues to fuel a fundamental shift in the manner in which callers communicate. For example, as described later in our declaration, recent Yankee Group research found that more than 51% of local calls and 68% of long distance calls have been replaced by wireless. As customers find that an increasingly significant proportion of their voice calls (as well as

[17] Qwest also provides wireless service in the Phoenix MSA. According to TNS Telecoms data, however, Qwest holds only a [redacted] share of the consumer wireless market in the greater Phoenix area.
[18] CMRS Report at pp 89-90.
[19] *Midwesterners Cut the Cord: Households in Detroit and Minneapolis-St. Paul Have The Highest Rate of Wireless Substitution Among 20 Largest U.S. Cities, According to Telephia:* Oct. 18, 2006. See Exhibit 1, Page 2.